**Second Session, UN Tax Convention Negotiations**
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**Intervention by Maureen Mburu, GATJ**

**Thank you, Chair.**
**I speak on behalf of the Global Alliance for Tax Justice.**
Advance Pricing Agreements, or APAs, are sometimes promoted as a means to provide certainty in the current transfer pricing system. However, experience in developed countries — shows that they do not solve the system's fundamental flaws, and they can even be a tool for deepening the problem.

The record is clear, APAs have been used in large scale tax avoidance schemes.The *LuxLeaks* scandal in 2014 exposed APAs as "sweetheart deals" negotiated in secrecy, allowing hundreds of companies to reduce their tax payments in countries where they had real activities. Another famous case, The *Apple* case, saw two decades-old APAs struck down, with €13 billion in taxes recovered by a single jurisdiction, despite profits coming from global sales.
For tax administrations, developing APAs consumes significant time and resources in an attempt to reinforce a transfer pricing framework that has consistently proven unfit for purpose. Far from providing legal certainty, APAs lock in questionable profit allocation methods for years. Because they are binding, they can limit a tax authority's ability to act if large-scale avoidance is uncovered later. Negotiated on a case-by-case basis, they also risk granting preferential treatment to the most powerful and influential corporations. Embedding such instruments in dispute resolution protocols risks legitimizing harmful tax practices and deepening inequities in the global tax system.

Some technical fixes in favor of multinationals is not the solution. The revenue losses from the current system erode the capacity of governments to fund essential public services, from health to education, that are essential for gender equality and the achievement of the Sustainable Development Goals. This is not merely an issue of capacity. APAs cannot provide any answer to the difficulty of taxing multinationals in the current transfer pricing system. The solution lies in structural reform: replacing the failed transfer pricing framework with unitary taxation of multinationals on worldwide profits, allocated according to real economic activity. The Framework Convention should give the Conference of the Parties a clear mandate to advance this approach — to ensure fairness and finally turn the page on transfer pricing and its derivatives, including APAs.